



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

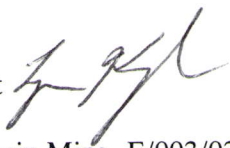
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September 26, 2000

TO: Minerals File

FROM: Lynn Kunzler, Senior Reclamation Specialist 

RE: Site Inspection, Michael Pauletto, Clark's Basin Mine, E/003/033 and S/003/055, Box Elder County, Utah

Date of Inspection: September 20, 2000
Time of Inspection: 7:30 am
Conditions: Clear and cool
Participants: Lynn Kunzler, DOGM

Purpose of Inspection: Assess site conditions of the Sunshine East pit and access route. A meeting with the operator and the Forest Service was conducted at 1:00 pm.

This inspection was conducted pursuant the Forest Service having stopped mining activity to resolve permitting questions they had, as to whether the activity they observed on September 14, 2000 was part of the approved Plan of Operations (or DOGM's mining permit) for the Clark's Basin Mine. A meeting with the Operator was scheduled for 1:00 pm in the Forest Service Offices to discuss this matter and the course of action that would be required to remedy any permit deficiencies.

DOGM accepted both the exploration and small mining notice for this area as complete. Since Forest Service land was involved, the Division had informed the operator that activities could not begin until the Forest Service requirements were met. On August 13, 2000, the Forest Service approved the exploration program, indicating that access would be via existing 4-wheel drive road. A 600 foot road 12-14 feet wide would be constructed to the test pit location. The test pit would be 20 feet long, 10 feet wide and 6 feet deep. The Forest Service also required a reclamation bond for \$3,100.00 be posted prior to commencement of any exploration activities.

Upon arriving at the site, it was obvious that the disturbance exceeded the limits that the Forest Service had set in the August 13th letter. A GPS was used to determine the extend of disturbance at the pit location as well as the road construction to access the site. Disturbance at the site appeared to be mine development rather than exploration, with 2.9 acres of disturbance. Access to the site was from the newly constructed access to Utah Building Stone Supply's Sunshine East Pit. The new road construction was 1,692 feet long with an average width of 16 feet. A second road (1,004 feet long) about 100 feet uphill from this road had been constructed and regraded prior to the inspection. It was later discovered that this was the first access road constructed, and had been regraded because it was too steep at the end for truck access to the pit site. The amount of disturbance and development work observed exceeds the limits that the Forest Service had placed on this project in their August 13, 2000 letter.

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1:00 pm meeting with the Forest Service

Attending: Michael Pauletto and Michael Cates, Operator; Richard Riordan, consultant; Carmella Romerio, Jeff Gabardi and Pete Peterson, USFS; and Lynn Kunzler, DOGM

During the meeting, it was discussed that the road and development work had exceeded the limits placed on this project by the Forest Service (3.9 acres of disturbance observed vs. 0.2 acres approved). It was also discussed that the Reclamation Bond had not been posted with the Forest Service prior to commencement of activities. A comparison of the permit map with the GPS data showed the disturbance in the indicated area. The 600 feet of road construction (between the gate and the development was 574 feet, vs. the 600 feet approved. However, about 2,122 feet of road had been constructed where only overland travel had been approved (1004 feet of the 2,122 feet has been regraded). Of concern to the Forest Service, was that the Environmental Assessment (EA) was not complete for the extent of disturbance at the site. The Operator was instructed to finish reclamation the regraded road by seeding the disturbance with a mixture of grass and forbs (DOGM would assist the operator in developing a seed mix appropriate for the area). All mining related activity is to cease on this area until a plan of operations is submitted to the Forest Service and a new EA is developed. The operator would be allowed to continue exploration activities on other site identified in his notice, but was reminded to use existing roads and overland travel until exploration activities identified a feasible mining operation and a plan of operations was submitted and approved. With 2 other operators in the vicinity (Terra Resources, Inc, and Utah Building Stone Supply), the operator was also requested to meet with Jeff Segars (terra Resources, LLC.), and William Bown (Utah Building Stone Supply) so that a coordinated access route could be developed that all would use, vs. each entity developing their own access routes.

The EA will take a minimum of 180 days. It could take significantly longer time if the Forest Service does the EA in-house. Time savings would occur if the operators would finance the hiring of a third party consultant to do the EA work (with over site of the Forest Service).

Note: The attached map which identifies these features as developed from the GPS data collected from the site.

cc: Michael Pauletto, Operator
Carmela Romerio, USFS

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